

Wednesday, 26 February 2025

ACCA Hong Kong Welcomes Government's Adoption of Various Income-Generation and Cost-Control Measures Budget Focuses on Social Welfare and Weathering Difficult Times with Citizens

ACCA (the Association of Chartered Certified Accountants) Hong Kong supports the 2025-26 Budget announced by the Financial Secretary today, particularly the range of income-generation and cost-control measures introduced to stimulate the economy, diversify revenue streams, manage public expenditure, and address social welfare needs in the face of challenging global conditions. ACCA welcomes the Financial Secretary's adoption of several of its proposals and supports the Budget's emphasis on standing with citizens during difficult times, including the pay freeze for 2025-26 in respect of the executive authorities, the legislature, the judiciary and members of the District Councils putting forward by the Government.

Stanley Ho, Chairman, ACCA Hong Kong, said, 'Given the fiscal deficit, ACCA fully supports the Budget's commitment to deliver more efficient public services to citizens through leveraging technology, streamlining processes and driving the digital transformation of public services. We also welcome the review of tax deduction arrangements related to intellectual property (IP), including the lump sum licensing fees for acquiring the rights to use IP, and related expenses incurred on purchase of IP or the rights to use IP from associates, so as to accelerate the development of IP-intensive industries and promote the development of IP trading in Hong Kong. Furthermore, the Budget outlines measures to optimise the "New Capital Investor Immigration Scheme", offering greater flexibility. We urge the Government to consider aligning the eligible investments under this scheme with the family-owned investment holding vehicles ("FIHVs") to simplify investment decisions for the investors. In addition, to strengthen Hong Kong's status as an International Trade Centre, we recommend that the Government swiftly engage in signing of investment agreements with Saudi Arabia, Bangladesh, Egypt and Peru, and conducting negotiations with 17 countries on Comprehensive Avoidance of Double Taxation Agreements to further promote Hong Kong's foreign trade.'

ACCA put forward 9 recommendations to broaden the sources of income, several of which have been accepted by the Financial Secretary. These include providing incentives for the set-up of regional headquarters/service centres, attracting foreign enterprises to establish privately offered funds, FIHVs, increasing air passenger departure tax and expanding the scope of sports betting to include basketball matches. **Gloria Chan, Co-chairman, Tax Sub-committee of ACCA Hong Kong** said, 'The Budget has included proposal to attract enterprises from the Mainland and around the world to set up headquarters or corporate divisions in Hong Kong, including the introduction of a company re-domiciliation mechanism. The proposed tax measures for encouraging establishment of private equity funds and FIHVs, including expanding the scope of "fund" under the tax exemption regime, increasing the types of qualifying transactions eligible for tax concessions for funds and single family offices, enhancing the tax concession arrangement on the distribution of carried interest by private equity funds, etc also reflect our suggestions. Additionally, the Financial Secretary has accepted ACCA's proposal to increase the air passenger departure tax. The rate will rise from \$120 to \$200 per passenger, effective from the third quarter of the 2025-26. It is anticipated that Government revenue will be increased by about \$1.6 billion per year. Another proposal adopted by the Government is the regulation of basketball betting, which is expected to bring in an additional

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HK\$1.5 to 2 billion in gaming tax revenue. ACCA also urges the Government to enhance public education campaigns aimed at preventing gambling disorder.'

ACCA's proposals for reducing expenditure have also been embraced by the Financial Secretary. **Polly Wan, Co-chairman, Tax Sub-committee of ACCA Hong Kong** said, 'ACCA supports the Budget's new approach to the HK\$2 transport subsidy scheme, which strikes a balance between safeguarding citizens' livelihoods, enhancing the sustainability and minimising the impacts to the beneficiaries. We also hope the Government will continue to review the public transport fare subsidy scheme to target specifically those in need. Additionally, ACCA welcomes the Government's people-centric initiatives to support public welfare, such as providing extra half-month allowance of standard CSSA payments, Old Age Allowance, Old Age Living Allowance or Disability Allowance. Similar arrangements for Working Family Allowance, along with a 100% reduction in salaries tax and tax under personal assessment for the assessment year 2024/25 (subject to a \$1,500 ceiling), are all aimed to provide financial relief for citizens.'

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About ACCA

We are ACCA (the Association of Chartered Certified Accountants), a globally recognised professional accountancy body providing qualifications and advancing standards in accountancy worldwide.

Founded in 1904 to widen access to the accountancy profession, we've long championed inclusion and today proudly support a diverse community of over **252,500** members and **526,000** future members in **180** countries.

ACCA now has over **29,000** members and **125,000** future members in China, with representative offices and contact points in 11 cities including Beijing, Shanghai, Guangzhou, Shenzhen, Chengdu, Shenyang, Qingdao, Wuhan, Changsha, Hong Kong SAR and Macau SAR.

Our forward-looking qualifications, continuous learning and insights are respected and valued by employers in every sector. They equip individuals with the business and finance expertise and ethical judgment to create, protect, and report the sustainable value delivered by organisations and economies.

Guided by [our purpose and values](#), our vision is to develop the accountancy profession the world needs. Partnering with policymakers, standard setters, the donor community, educators and other accountancy bodies, we're strengthening and building a profession that drives a sustainable future for all.

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